

State Board of Equalization

**OPERATIONS MEMO**

Confidential

No. : 1091

Date: December 28, 2000

**Subject: New Delinquency Process**

**I. BACKGROUND**

The current citation/revocation process will be modified to include a new Notice of Delinquency (Exhibit A) starting in January 2001. The new Notice of Delinquency was designed to inform taxpayers of their delinquencies before a citation notice and a subsequent revocation notice is sent to Sales and Use Tax accounts.

Delinquencies are created when a taxpayer fails to file a Sales and Use Tax return for a reporting period by the due date. A delinquency will be established in the IRIS Del System approximately [REDACTED] after the due date of the return. The Notice of Delinquency will be sent to a taxpayer within [REDACTED] after the due date of the return. If the reason for the delinquency is not cleared approximately [REDACTED] from the mail date of the Notice of Delinquency, a Notice to Appear – Revocation Proceeding (citation notice) will be sent to the taxpayer. The time frame for an account to become revoked has increased from approximately [REDACTED] to [REDACTED].

The new Notice of Delinquency will be integrated into our current citation/revocation process in early January 2001. The Notice of Delinquency will be mailed on January 10, 2001 to accounts that have a delinquent October 2000 return period. Because of the implementation of the new delinquency process, there will be no hearings scheduled during January and February 2001. There were no citation notices processed during December 2000. The specific dates for the new delinquency/citation/revocation process for each reporting period are shown on the Delinquency Processing Date Chart. This chart is part of the Calendar of Sales Tax Functions. The Calendar of Sales Tax Functions is usually distributed to district offices and headquarter departments by early January.

**II. HEADQUARTER RESPONSIBILITY**

The new Notice of Delinquency has generated changes in business rules within the Tax Calendar Subsystem. The Tax Calendar Subsystem and Delinquency system have undergone programming changes to integrate the new delinquency notice into the previous citation and revocation process. While implementing the new delinquency notice, it was determined that the ACMS extract (after a Mass Delinquency processing run during the workweek) caused interruptions in employee productivity. Consequently, the Mass Delinquency Establish process will only occur on a Thursday evening so ACMS downloads will take place over the weekend in order to eliminate interruptions.

All Sales and Use Tax delinquencies will now enter ACMS in an effort to systematically work all delinquency cases. ACMS will now include delinquencies established on Category 3 accounts, Temporary accounts, SG accounts, SC accounts, SU accounts, and Closed-Out accounts. Previously, only Category 1 delinquencies on cited accounts entered ACMS.

Active Category 1 delinquencies will enter ACMS approximately [REDACTED] from the return due date. A Notice of Delinquency will be sent by IRIS on all active Category 1 delinquencies prior to the citation notice.

Active Category 3 delinquencies will also enter ACMS [REDACTED] from the return due date. Once a Category 3 delinquency enters ACMS, it will route through the holding states before reaching a worklist.

### **III. DISTRICT OFFICE RESPONSIBILITY**

Because of the new Notice of Delinquency, it is advisable for district offices to work the delinquent accounts prior to citation and revocation. The citation addressing runs will occur approximately [REDACTED] after the delinquency notice addressing. This should allow time to clear most delinquencies before citation notices are addressed. District office policy regarding the new delinquency process should include an emphasis on working delinquencies in order to minimize the number of accounts receiving a citation notice and a revocation notice.

### **IV. ON-LINE REQUESTS FOR CAUSE DELINQUENCY**

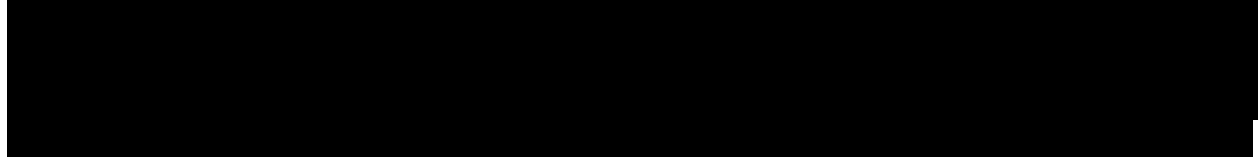
Because of the implementation of the new delinquency process and associated business rule changes, there will be no hearing dates scheduled during January and February 2001. This will affect Cause Delinquencies. A system user will be able to initiate a Cause Delinquency; however, a Cause Delinquency will not be processed as a citation until on or after March 5, 2001.

Cause Delinquencies are created when either the district offices or the Special Procedures Section makes an on-line request. This on-line function provides staff with the ability to make an account delinquent, cite an account, or revoke an account when a taxpayer fails to comply with Board policy. Notices to Appear – Revocation Proceeding are issued for failure to pay delinquent balances, failure to post security, and failure to comply with a particular section of the law.

On-line procedures are also used to clear delinquent records for failure to pay a delinquent balance, failure to post security, or failure to comply with a specific section of the law. An on-line procedure can also be used to postpone the mailing of a Notice to Appear – Revocation Proceeding or Notice of Revocation for a predetermined length of time by placing a withhold on the account, when the reason for either is failure to file a return. The procedures for these on-line functions are outlined in the IRIS training manual.

**V. NOTICE REPRINT CAPABILITY**

The capability to re-print any delinquency notice will be available through a new IRIS screen. Instructions regarding how to access the new IRIS screen will be forthcoming. The instructions will include a copy of the screen with the necessary guidelines to access and print any delinquency notice for an account.

**VI. GENERAL POLICY REMINDER****OBSOLESCENCE**

This operations memo will become obsolete when the information contained herein is incorporated into the appropriate manuals.

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